

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 OPIC-03 EB-08 OMB-01
TRSE-00 AID-05 IGA-02 COME-00 CIAE-00 INR-07
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FM AMEMBASSY DAKAR
TO SECSTATE WASHDC 9149
INFO AMEMBASSY OTTAWA
AMEMBASSY TEHRAN

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PASS OPIC

E.O. 11652: N/A
TAGS: ECRE, BEXP, EMIN, SG,IR
SUBJECT: IRASENCO BOARD MEETING IN DAKAR

REF STATE 75317

1. IRASENCO BOARD MEETING MET IN DAKAR APRIL 14-15 UNDER
IRASENCO DIRECTOR GENERAL (NIOC VICE PRESIDENT) DR. REZA
FALLAH. ALSO PRESENT WERE JONATHAN BROWN OF IBRD, GOS
FINANCIAL ADVISOR DAVID MORSE AND TWO REPS OF LOEB RHODES
INTERNATIONAL. ACCORDING TO SENEGALESE AND IRANIAN BOARD
MEMBERS, MAJOR DECISIONS TAKEN BY THE BOARD WERE:

-- \$100 MILLION PORT WILL BE REPLACED BY MODULAR
LOADING FACILITY COSTING PERHAPS \$35 MILLION;

-- REFINERY SIZE IS BEING SCALED DOWN TO 1.25 MILLION MT
AND IT WILL NOT BE BUILT FOR AN INTERIM PERIOD OF TIME;

-- PHOSPHATE MINE WHOULD BE BROUGHT INTO PRODUCTION AS SOON
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AS POSSIBLE;

-- IBRD WOULD BE WILLING TO PLEDGE PERHAPS \$100 MILLION
FOR INFRASTRUCTURE IF, UPON COMPLETION OF STUDIES TO BE
DONE BY IBRD EXPERTS, THE OVERALL PROJECT CAN BE SHOWN
TO BE PROFITABLE.

2. IF IBRD CONTRIBUTES \$100 MILLION, IRAN CONTRIBUTES \$100 MILLION (REZA FALLA REAFFIRMED WILLINGNESS OF GOI TO HONOR ITS COMMITMENT TO IRASENCO IN SPITE OF CURRENT FINANCIAL DIFFICULTIES) AND LOEB RHODES IS ABLE TO RAISE \$200 MILLION, THE PROJECT WILL HAVE ENOUGH MONEY TO GET OFF THE GROUND.

3. ALTHOUGH MEETING CLARIFIED IBRD POSITION SOMEWHAT, TWO NEW SOURCES OF DISSENSION SURFACED. THE FIRST WAS THAT IRASENCO HAD GIVEN MANDATE TO LOEB RHODES TO RAISE \$200 MILLION FROM EXPORT FINANCE AGENCIES, EURODOLLAR FUNDS AND PURCHASERS OF PHOSPHATE, WHEREAS GOS MAINTAINS THAT PHOSPHATES BELONG TO SENEGAL, NOT IRASENCO, AND THEREFORE IRASENCO HAD NO AUTHORITY TO MAKE ANY COMMITMENTS REGARDING THEIR LONG TERM SALE. (COMMENT: EMBASSY BELIEVES IT UNLIKELY THAT LOEB RHODES COULD RAISE AS MUCH AS \$100 MILLION BASED ON LONG TERM PHOSPHATE SALES IN ANY EVENT, AN OPINION SHARED BY PHOSPHATE COMPANY OFFICIALS IN DAKAR.)

4. SECOND ITEM OF CONTENTION WAS OVER \$1 MILLION GOS CONTRACT WHICH RETAINS PRINGLE - GAUTHIER OF CANADA AS FINANCIAL AND TECHNICAL CONSULTANTS TO GOS ON PROJECT. IRANIAN SOURCE ON BOARD DESCRIBED REZA FALLAH AS "FURIOUS" THAT A) GOS WOULD SPEND \$1 MILLION FOR ADVICE WHICH DUPLICATED THAT FROM IBRD OR IRASENCO AND B) THAT THIS WAS DONE WITHOUT INFORMING IRANIANS. RETENTION OF PRINGLE-GAUTHIER WAS DECISION OF FINANCE MINISTER BABACAR BA, NEVER FORMALLY COMMUNICATED TO IRASENCO LIMITED OFFICIAL USE

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BOARD; IN FACT REZA FALLAH DID NOT KNOW UNTIL APRIL 16 THAT PG HAD BECOME ONE OF THE "PLAYERS." SINCE THEIR RETENTION, PG HAS BEEN TRYING TO GET CONTRACTS FOR OTHER CANADIAN FIRMS ON THE PROJECT; IRASENCO IS ALREADY BURDENED WITH STEADY FLOW OF PROPOSITIONS FROM COMPANIES DESPITE ALL THE UNCERTAINTY SURROUNDING THE PROJECT AND MINIMUM FUNDS THUS FAR DISBURSED BY GOI.

5. NEXT ACT IN IRASENCO SAGA WILL BE VISIT OF SENEGALESE PRIME MINISTER ABDOU DIOUF TO TEHRAN SCHEDULED FOR FIRST WEEK OF JUNE.
AGGREY

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Sent Date: 21-Apr-1977 12:00:00 am
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